

GLENBROOK HIGH SCHOOLS
Office of the Assistant Superintendent for Business Affairs
Regular Meeting Tuesday, April 8, 2014

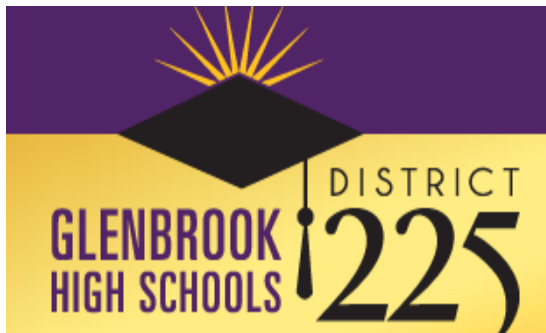
TO: Dr. Michael Riggle

FROM: Hillarie Siena

DATE: April 8, 2014

RE: Discussion/Action: 2014 Insurance Pre-Renewal Presentation

This packet contains an overview presentation of the 2014 employee health/dental insurance pre-renewal for Glenbrook High School District 225. This compilation and review was prepared by Corporate Benefits Consultants (CBC), a division of HUB International, in response to a request from the Board of Education for pre-renewal information. The pre-renewal is based upon certain trend data identified within supplementary reports not contained within the presentation. This supplementary data was examined prior to the preparation of the summary report. The pre-renewal does not reflect any plan design changes that may be recommended by the Insurance Cost Containment Committee and the Board of Education. Any approved plan design changes will be reflected in the final renewal presentation scheduled for the April 28, 2014 Board meeting.



Glenbrook High School District 225
July 2014 Pre-Renewal Presentation
April 8, 2014





Renewal Summary by Plan

Renewal Summary: PPO & HSA Plan

The experience period used for the renewal projection for PPO, Rx and Dental is 3/1/13 – 2/28/14. For comparison purposes we use the same period from the prior year.

Last year, District 225 introduced the PPO HSA plan. Currently there are 21 employees enrolled in this plan. Due to the small number of employees in this plan, the experience was blended with the regular PPO plan.

- Medical claims for the comparison period decreased by 5%.
- Enrollment in the PPO plan decreased slightly from 513 lives to 486.
- Prescription claims in the comparison period decreased by 4.5%. The projection for the Rx plan change implemented in 2013 was an average claim value savings of 4.2%.
- There were no claims in excess of the Individual Stop Loss level of \$250,00.
- The BCBS Administrative Fee remains constant at 4.9% of medical claims.
- The Symetra stop loss renewal will increase by 18% to \$32.77 PEPM including pharmacy.
- By comparison, the BCBS stop loss quote is \$41.12 PEPM without pharmacy.
- Negotiations between CBC and Symetra are not yet final.

Renewal Summary: PPO & HSA Plan (cont.)

The 2014-2015 allocated taxes and fees for ACA will reduce from \$64 per covered person to \$46 per covered person. The Patient Centered Outcomes Research Institute (PCORI) fee will increase from \$1 to \$2 and the Transitional Reinsurance Fee will decrease from \$63 to \$44. These fees are included in the renewal projections. The Transitional Reinsurance fee applies to Active, COBRA and under age 65 Retirees only. The PCORI fee applies to all groups excluding Retirees over age 65.

The projected rate action for the PPO plan in 2014 is +7.51% over the current rates. This represents additional premium of \$492,542.

It is recommended that you increase the HSA rates as well however you may not need to increase them at the same rate as the PPO plan. This is recommended since the initial rates for this plan were set at a lower level than recommended which was done to encourage participation.

The HSA plan is currently based on a 9/1 benefit year which coincides with all other plans. Your benefit year is different from your plan year. Generally, most plans have a benefit year that is based on a calendar year. You may want to consider keeping your HSA plan on a calendar year basis rather than a plan year basis which will also coincide with the taxable year. In order for you to accomplish this you would have to offer a “short” plan year in 2014 (9/1 – 12/31) then change to a January 1, 2015 effective date. This means that employees that are currently participating in the HSA plan will be required to satisfy two deductibles within a twelve month period.

Renewal Summary: HMO I / BA HMO

The experience period used for the renewal projection for HMOI and BAHMO is 3/1/13 – 2/28/14. For comparison purposes we use the same period from the prior year.

- HMOI and BAHMO medical claims remained consistent between the two periods.
- Prescription claims decreased by 9.4%. This decrease was a result of the plan changes made in 2013.
- Enrollment in HMOI decreased by 2.9% from 277 lives to 269 while the BAHMO enrollment increased from 27 to 32.

The BCBS fixed costs are increasing as follows:

- Administrative fee is increasing by 8%. The fee is based on a per employee per month fee. A portion of that fee (\$2.80) is due to PCORI and state tax. This was not in last year's renewal.
- The Individual Stop Loss fee of \$125,000 is increasing by 4%.
- Physician Service Fees are decreasing by 4.7% overall. Off cycle plan changes made by Glenbrook and MTHS 207 contributed to this decrease.
- HMO Managed Care fee is decreasing 2.8%.

The blended projected increase to the HMOI and BAHMO plans is 1.73% or \$66,059 in additional premium equivalent.

Renewal Summary: Dental

The experience period used for the renewal projection for Dental is 3/1/13 – 2/28/14. For comparison purposes we use the same period from the prior year.

- Dental claims in the current period have decreased by 10%.
- The administrative fee is increasing from \$3.35 to \$3.45 following a two year rate guarantee.
- CBC is in the process of negotiating another multi-year rate guarantee with BCBS.

The projected rate action for 2014 is 3.7%.

ACA Taxes and Fees

- BCBS does not assume any remittance or reporting responsibility for the Self-Funded PPO plan. The fees have been incorporated in the PPO renewal projections presented by CBC. District 225 will be responsible for reporting and remitting the PCORI and Transitional Reinsurance Fees directly. CBC will assist with this process.
- BCBS will be responsible for collecting and remitting all of the Allocated Taxes under ACA for the HMO plans. The Transitional Reinsurance Fee and Health Insurer fee is calculated on the projected Physician Service Fees. These fees are then converted into a Per Employee Per Month (PEPM), which will be billed on a monthly basis. The PEPM based on the projected renewal has been calculated to be \$23.12 PEPM. The PCORI and state tax fee is part of the PEPM administration fee which is \$2.80. These fees are included in the renewal projections.

ACA Benefit Mandates

In accordance with the requirements of ACA, BCBS has made the following modifications to your plan design which are also reflected in the overall renewal projections.

- All medical member cost sharing (deductibles, copays and coinsurance) must be included in the Out of Pocket Maximum.
- The 2014 maximum out of pocket is \$6,350 for single coverage and \$12,700 for family coverage.
- The family deductible and out of pocket limits have been converted from an individual (3x) to an aggregate basis.

HSA Plan:

- Muscle manipulations will be converted from \$1,000 annual maximum to a 25 visit maximum.
- Indexed annual maximum for ASD (autism) of \$36,000 will be eliminated.
- Pre-existing wait period will be eliminated.

PPO Active Plan:

- Family deductible will convert from 3 individual deductibles PPO \$900 and Non PPO \$2,700
- Out of pocket limits will now include deductible and all medical copays and coinsurance. The out of pocket maximums are PPO single \$2,800 and family \$12,700. Non-PPO single is \$8,400 and family is \$25,200.
- Indexed annual maximum for ASD (autism) of \$36,000 will be eliminated.
- Pre-existing wait period will be eliminated.

ACA Benefit Mandates

PPO Retiree Plan

- Family deductible will convert from 2 individual deductibles to PPO \$5,000 and Non PPO \$10,000.
- Out of pocket will include deductible and all medical copays and coinsurance. New out of pocket maximums are PPO single \$5,000 family \$12,700. Non-PPO single \$12,500 family \$37,500.
- Indexed annual maximum for ASD (autism) of \$36,000 will be eliminated.
- Pre-existing wait period will be eliminated.

Healthcare Reform Timeline:

Year	Impact	Status	
2011	<ul style="list-style-type: none"> ✓ Children eligible to age 26 ✓ No lifetime annual max \$ limits ✓ No preex restrictions for children under 19 ✓ Nongrandfathered plans only 	No Cost Sharing for Preventive Care OTC meds not eligible w/out script Excise Tax on drug companies	Completed
2012	<ul style="list-style-type: none"> ✓ Summary of Benefits and Coverages required (SBCs) ✓ Medical loss ratio refund ✓ W2 reporting on health coverage ✓ PCORI fees ✓ Women's Preventive Care benefits 		Completed
2013	<ul style="list-style-type: none"> ✓ Health FSA capped at \$2,500 ✓ Additional FICA Tax for high income earners ✓ Elimination of Medical Part D subsidies ✓ Excise Tax on medical device manufacturers ✓ PCORI fee increases to \$2 ✓ Notice of health insurance exchanges required 		Completed
2014	<ul style="list-style-type: none"> • Individual Mandate • Health Insurance Exchanges available • No annual \$ limits on essential health benefits • Waiting periods limited to 90 days • Automatic enrollment (pending) • No preexisting condition limitation • Increased wellness program incentive restriction • Cost sharing limited to \$6,350 / \$12,700 • Coverage of routine expenses for Clinical Trials • Excise Tax on health insurance companies 		In Process
2015	<ul style="list-style-type: none"> • Employer Pay or Play Mandate • Employer reporting of minimum essential coverage • Other Employer reporting obligations 		Pending
2018	<ul style="list-style-type: none"> • Cadillac Tax 		Pending

Next Steps ...

- Re-pricing analysis of CIGNA and Aetna networks forthcoming
- Negotiate & finalize Stop Loss renewal with Symetra
- Negotiate multi-year dental rate guarantee with BCBS
- Prepare for increased reporting and compliance requirements under ACA

